# TABLE OF CONTENTS

## Acknowledgement

## List of Figures

## List of Tables

### CHAPTER 1: INTRODUCTION 1-29

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Insurance – A Conceptual Framework</td>
<td>2</td>
</tr>
<tr>
<td>1.1</td>
<td>Concept Of Insurance</td>
<td>2</td>
</tr>
<tr>
<td>1.2</td>
<td>Concept Of Life Insurance</td>
<td>3</td>
</tr>
<tr>
<td>1.3</td>
<td>Nature Of Insurance</td>
<td>4</td>
</tr>
<tr>
<td>1.3.1</td>
<td>Risk Sharing And Risk Transfer</td>
<td>4</td>
</tr>
<tr>
<td>1.3.2</td>
<td>Co-Operative Device</td>
<td>4</td>
</tr>
<tr>
<td>1.3.3</td>
<td>Assessment In Advance</td>
<td>5</td>
</tr>
<tr>
<td>1.3.4</td>
<td>Claim At The Occurrence Of Contingency</td>
<td>5</td>
</tr>
<tr>
<td>1.4</td>
<td>Present Situation In India</td>
<td>6</td>
</tr>
<tr>
<td>1.4.1</td>
<td>Growth Of Business</td>
<td>7</td>
</tr>
<tr>
<td>1.4.2</td>
<td>Current Scenario</td>
<td>8</td>
</tr>
<tr>
<td>1.4.3</td>
<td>Insurance Density</td>
<td>10</td>
</tr>
<tr>
<td>1.5</td>
<td>Problems Of Life Insurance</td>
<td>11</td>
</tr>
<tr>
<td>1.5.1</td>
<td>Insurance Awareness</td>
<td>12</td>
</tr>
<tr>
<td>1.5.2</td>
<td>Delay In Payment Of Premium</td>
<td>14</td>
</tr>
<tr>
<td>1.5.3</td>
<td>Breach Of Principle Of Utmost Good Faith</td>
<td>14</td>
</tr>
<tr>
<td>1.5.4</td>
<td>Claim Fraud</td>
<td>15</td>
</tr>
<tr>
<td>1.5.5</td>
<td>Possibility Of Moral Hazard</td>
<td>16</td>
</tr>
<tr>
<td>1.6</td>
<td>Customer’s Point Of View</td>
<td>17</td>
</tr>
<tr>
<td>1.6.1</td>
<td>Customer Expectation</td>
<td>17</td>
</tr>
<tr>
<td>1.6.2</td>
<td>Force-Selling</td>
<td>17</td>
</tr>
<tr>
<td>1.6.3</td>
<td>Policy Wordings</td>
<td>18</td>
</tr>
<tr>
<td>1.6.4</td>
<td>Deficiency In Services</td>
<td>18</td>
</tr>
<tr>
<td>1.6.5</td>
<td>Unexpected Charges &amp; Returns</td>
<td>19</td>
</tr>
<tr>
<td>1.7</td>
<td>Business Potential In The Market</td>
<td>20</td>
</tr>
<tr>
<td>1.7.1</td>
<td>Future Intention To Invest</td>
<td>21</td>
</tr>
</tbody>
</table>
### CHAPTER – III: GROWTH OF LIFE INSURANCE INDUSTRY

#### AN OVERVIEW

<table>
<thead>
<tr>
<th>3 Historical Development</th>
<th>85</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 A Global Perspective</td>
<td>85</td>
</tr>
<tr>
<td>3.1.1 The First Life Policy</td>
<td>90</td>
</tr>
<tr>
<td>3.1.2 Tontines</td>
<td>91</td>
</tr>
<tr>
<td>3.1.3 Real Beginning Of Life Insurance</td>
<td>92</td>
</tr>
<tr>
<td>3.2 An Indian Perspective</td>
<td>94</td>
</tr>
<tr>
<td>3.2.1 Oldest Insurance Policy</td>
<td>101</td>
</tr>
<tr>
<td>3.2.2 Role of Politicians In Life Insurance In India</td>
<td>105</td>
</tr>
<tr>
<td>3.2.3 First Indian Actuary</td>
<td>107</td>
</tr>
<tr>
<td>3.2.4 First Insurance Legislation</td>
<td>108</td>
</tr>
<tr>
<td>3.2.5 Insurance Act, 1938</td>
<td>108</td>
</tr>
<tr>
<td>3.2.6 Operation In Foreign Countries</td>
<td>109</td>
</tr>
<tr>
<td>3.2.7 Demands For Nationalization</td>
<td>109</td>
</tr>
<tr>
<td>3.2.8 Different Reactions On Nationalization</td>
<td>115</td>
</tr>
<tr>
<td>3.3 Journey Of Life Insurance Corporation Of India</td>
<td>116</td>
</tr>
<tr>
<td>3.3.1 Growth Of The L.I.C</td>
<td>117</td>
</tr>
<tr>
<td>3.3.2 Business Of LIC</td>
<td>120</td>
</tr>
<tr>
<td>3.3.3 Life Insurance Growth Upto 31st MARCH 2009</td>
<td>124</td>
</tr>
<tr>
<td>3.3.4 Growth of Life Insurance Business During 2001-2009</td>
<td>133</td>
</tr>
<tr>
<td>3.4 Liberalization Of Life Insurance Industry</td>
<td>137</td>
</tr>
<tr>
<td>3.5 Growth Of Private Life Insurance Companies</td>
<td>146</td>
</tr>
<tr>
<td>3.5.1 ICICI Prudential Life Insurance Company Ltd</td>
<td>148</td>
</tr>
<tr>
<td>3.5.2 Allianz Bajaj Life Insurance Company Ltd</td>
<td>150</td>
</tr>
<tr>
<td>3.5.3 Birla Sun Life Insurance Company Ltd</td>
<td>151</td>
</tr>
<tr>
<td>3.5.4 Aviva Life Insurance Company Pvt. Ltd</td>
<td>152</td>
</tr>
<tr>
<td>3.5.5 Hdfc Standard Life Insurance Company Ltd</td>
<td>154</td>
</tr>
<tr>
<td>3.5.6 Max New York Life Insurance Company Ltd</td>
<td>155</td>
</tr>
<tr>
<td>3.5.7 Met Life India Insurance Company Ltd</td>
<td>157</td>
</tr>
<tr>
<td>3.5.8 Om Kotak Mahindra Life Insurance Company Ltd</td>
<td>158</td>
</tr>
<tr>
<td>3.5.9 SBI Life Insurance Company Ltd</td>
<td>159</td>
</tr>
<tr>
<td>3.5.10 ING Vysya Life Insurance Company Ltd</td>
<td>161</td>
</tr>
</tbody>
</table>
CHAPTER IV : ROLE OF LIFE INSURANCE IN SOCIAL AND ECONOMIC DEVELOPMENT 181-222

4 Introduction 182

4.1 Market Size of Life Insurance 182

4.1.1 Major Driving Factors 183

4.1.2 Emerging Areas 183

4.1.3 Life Insurance Penetration 184

4.2 Investment Overview 185

4.2.1 Global Position 186

4.2.2 Foreign Direct Investment 187

4.3 Social Security 188

4.3.1 Socially Oriented Insurance Schemes 189

4.4 Micro-Insurance 192

4.4.1 Micro-Insurance Products 193

4.4.2 Demand Of Micro Finance Services 194

4.4.3 Demand For Insurance Services 195

4.4.4 Risks Faced By Rural Household 196

4.4.5 Life Insurance In Rural Market 197

4.4.6 Initiative By Private Players 197

4.4.7 Size Of Current Market 198
| 4.4.8  | Supply Of Insurance Services | 204  |
| 4.4.9  | Legal And Regulatory Framework For Micro-Insurance | 205  |
| 4.4.10 | Distribution Of Services In Rural Areas | 206  |
| 4.5    | Challenges In Rural Areas | 210  |
| 4.5.1  | Awareness And Education | 211  |
| 4.5.2  | Documents For Certification | 211  |
| 4.5.3  | Product Customization | 212  |
| 4.5.4  | Remuneration Of Expenses For Distribution And Servicing | 213  |
| 4.5.5  | Lapsation Of Policies | 214  |
| 4.5.6  | Product Challenges | 215  |
| 4.5.7  | Marketing And Distribution Challenges | 216  |
| 4.5.8  | Underwriting Challenges | 217  |
| 4.6    | Pension Schemes | 217  |

**Chapter V : LEGAL DIMENSION OF LIFE INSURANCE**  

5  
5.1  Need For Legal Reforms  
5.2  Wider Agenda Of Legal Reform  
5.2.1  Problems In Electronic Contracting  
5.2.2  Distance Selling  
5.3  Review Of Insurance Act, 1938  
5.3.1  Shape Of The Proposed Reform Of The Insurance Act  
5.3.2  Establishment Of Insurance Advisory Committee  
5.3.3  Capital Requirements For Insurance Companies  
5.4  Manner And Conditions Of Investment  
5.4.1  Irdia Panel On Investment Norms  
5.4.2  Recommendation On Investments  
5.4.3  Flexibility In Initial Public Offerings (Ipo’s)  
5.5  The Insurance Customer Under Consumer Protection Act, 1986  
5.5.1  Deficiency In Insurance Services  
5.5.2  Customer Service  
5.5.3  Marketing And Consumerism  

Conclusion  
220

223-271
Negligence Of Life Insurance Companies 243
New Norms For Unit-Linked Products 243
Norms For Valuations & Disclosures 245
Mandatory Disclosure 246
Transparency In Insurance Accounting Proposed 247
Panel Suggestions 247
Unique Identification Number (Id) 248
Vigilance On Insurers 248
New Solvency Norms 249
Insurance Act, 1938 250
Insurance Agent 251
Reduction In Training Hours 254
Capital Requirement 255
Audit Process 256
Investment Of Assets 256
Transfer Of Policies 257
Life Insurance Council 258
Legislations & Control 260
Training & Certification 260
Education & Awareness 261
Code Of Conduct 261
Insurance Ombudsman 263
Powers Of Ombudsman 264
Conditions For Admitting Complaints 264
Complaint Settlement Procedure 266
Suggestions For Reducing Grievances 267
Conclusion 269

CHAPTER VI: RESEARCH METHODOLOGY 271-281

Introduction 273
Research Design And Methodology 273
Scope Of The Study 275
Statement Of The Problem 275
Objectives Of The Study 276
6.5 Hypotheses Of The Study 278
6.6 Selection Of Sample 278
6.7 Sources Of Data 279
6.8 Data Collection 280
6.9 Limitations Of The Study 280
6.10 Variables Used In The Study 281
6.11 Analysis Techniques 281

CHAPTER VII: DATA ANALYSIS, INFERENCES AND INTERPRETATION OF FINDINGS 282-313

7.1 Introduction 283
7.2 Why Test Hypothesis 283
7.3 Findings Of Analysis 284
7.4 Basic Information Of Insured Sample 288
7.5 Hypothesis Testing 291
7.6 Supplementary Analysis 301

CHAPTER VIII: CONCLUSIONS AND RECOMMENDATIONS 314-335

8 Introduction 315
8.1 Conclusions and Recommendations 316

*Bibliography* 336-340
*Annexure* 341-350